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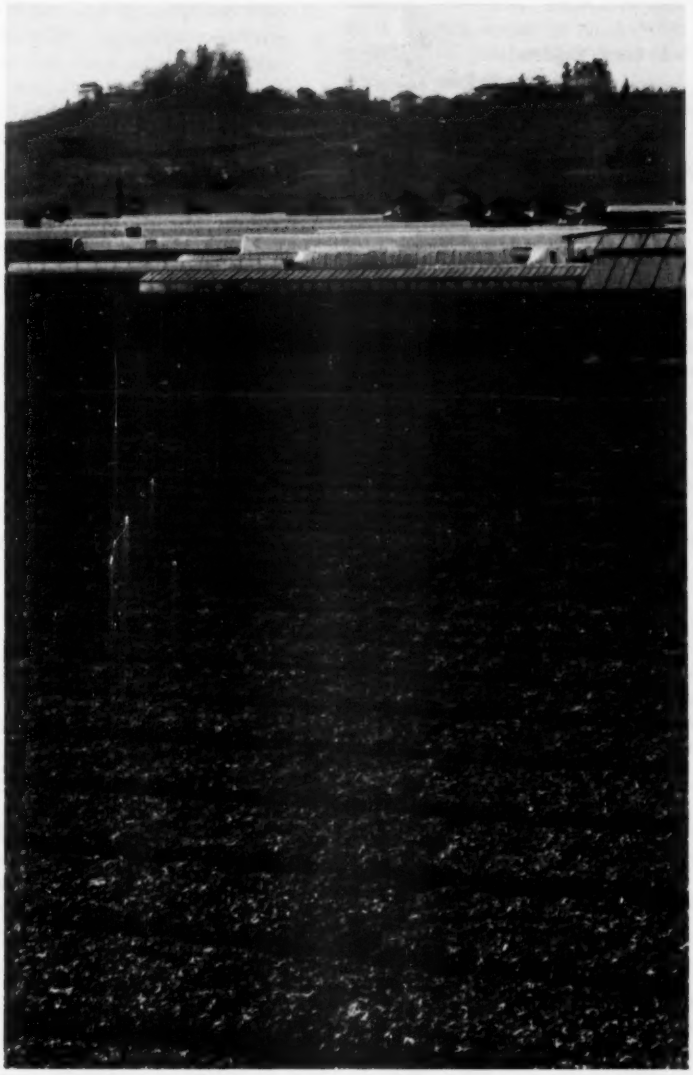

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Asian Changes and U.S. Exports

U.S. Market for Seasonings

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This week's cover:

Poppy seeds, still in the pods just picked by these Czech women; and aromatic herbs growing in Italy's Piedmonte area. Seasonings imported and used in the United States are discussed on page 8.

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Asian Changes and U.S

By CLARENCE E. PIKE
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Last year, Asia became the world's leading regional importer of U.S. farm products. Early this year, the author—Chief of the Far East Branch of ERS Foreign Regional Analysis Division—took an official look at part of this new best U.S. agricultural outlet. He visited nine countries—namely, Japan, Korea, Taiwan, Hong Kong, Indonesia, Thailand, Laos, Nepal, and India. In the article below he reports firsthand observations of happenings and circumstances in those countries of particular significance to U.S. agriculture.

Japan Seeks Asian Farm Import Sources

For the past 8 years, Japan has been the No. 1 foreign market for American farm products. In chalking up this trade position in calendar year 1968, Japan was the destination for $933 million—or 15 percent—of total U.S. agricultural exports of $6.2 billion.

Of Japan's $3.4 billion agricultural imports in 1968, the United States was the source for 28.2 percent. Of the 28 commodities that made up about four-fifths of Japan's total agricultural import trade, the United States is either the principal or major supplier of 15. (See table p. 3.) It is the principal supplier of wheat, corn, grain sorghum, soybeans, raw cotton, hides and skins, and beef tallow.

Obviously any development that would affect the pattern of Japanese agricultural imports would affect U.S. agriculture.

One such development of major importance is Japan's current policy of promoting the production of its own imports in selected countries around the world. Carrying out of this policy means that future marketing prospects for U.S. farm products in Japan are going to be complicated by keener competition from other suppliers—particularly corn, grain sorghum, and cotton. Oilseed competition may also be greater.

The Japanese Government—in cooperation with private Japanese firms—is actively engaged in agricultural development projects in the Far East, South America, the Middle East, and parts of Africa. A major purpose of these projects is to increase production of commodities for Japan to import.

There are several reasons for the policy. One, it will diversify sources of supply. Two, it will provide additional market outlets for Japanese industrial products. Three, it can be considered a significant foreign assistance contribution. Also frequently cited by the Japanese as another reason—or justification—is the unreliability of the United States as a supplier because of dockworkers' strikes and other prolonged interruptions to U.S. shipping.

Far East countries in which Japan is now actively carrying forward programs to increase farm production for export to Japan include Thailand, Indonesia, Cambodia, Philippines, Laos, and Australia. Products being promoted include soybeans, sesame, silk, corn, grain sorghums, and cassava (for feed).

Corn is the farm commodity that has shown the most rapid gain in imports by Japan from Southeast Asia. By far the largest volume has come from Thailand where annual

exports of this commodity went from zero to 1 million tons in only a decade. Indonesia, Cambodia, and other countries of the region can be expected to become increasingly important as suppliers of corn and other feedstuffs to Japan.

Japan expects to have a rapid increase in its import needs for oilseeds and hopes to meet this requirement from new sources. A key to the promotion of greatly increased Asian production of oilseeds for export to Japan seems to be the development of improved varieties of soybeans and sesame suited to Southeast Asia. In January, a three man Japanese team of soybean experts arrived in Thailand to push forward efforts being made in that direction.

Indonesia. In Indonesia, programs for increasing the amount of corn available for export to Japan are being supported by the Government of Japan and Japanese business interests.

As a Colombo Plan contribution, Japan has an active corn research and educational program in East Java. Here Japanese technicians are working on development of suitable varieties and on problems of drying and fumigation of corn for export. Private Japanese interests are installing equipment for corn drying, fumigation, and handling at the port of Surabaja.

In South Sumatra, a Japanese private company in cooperation with an Indonesian agricultural cooperative is developing a large area for the production of corn for export. The new enterprise plans to farm some 10,000 acres itself and to contract with local farmers to cultivate an additional 10,000 acres of corn under its supervision. The entire production—expected to total 100,000 metric tons annually—is to be exported to Japan. Another Japanese firm is promoting the production of grain sorghum in the Krawang area of Java near Djakarta. The grain would be exported to Japan. A goal of a quarter million acres is indicated.

The Government of Japan has technicians assigned to several projects to assist in increasing the production of rice in West Java. Japan has five experts in seed multiplication, seed distribution, and farm mechanization working with an Indonesian program to boost rice yields. There are also two Japanese rice technicians at an experimental farm at Maura, five at another station at Kamandi, and one at a small paddy demonstration farm near Bogor.

Thailand. Japan is very interested in promoting agricultural production here, and Japanese private industry has cooperated by purchasing Thai products. Numerous Thai agricultural technicians have been trained in Japan at Japanese expense. Several high-level Japanese agricultural survey missions have visited Thailand and turned in reports.

JAPAN: IMPORTS OF SELECTED AGRICULTURAL COMMODITIES AND U.S. SHARE

Commodity	Total imports					U.S. share				
	Average 1956-60	1965	1966	1967	1968	Average 1956-60	1965	1966	1967	1968
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*
Beef and veal, fresh and frozen	4	7	11	14	13	(1)	(1)	(1)	(1)	(1)
Mutton and lamb, fresh and frozen	1	22	39	41	41	—	—	—	—	—
Poultry meat, fresh and frozen	(1)	5	6	6	11	(1)	5	6	6	11
Nonfat dry milk	9	14	21	32	18	9	12	8	.1	2
Wheat	164	251	279	308	289	73	132	150	159	144
Rice	57	145	131	82	50	1	43	25	16	(1)
Barley	38	41	31	40	38	14	17	18	9	1
Corn	47	231	243	277	308	16	157	153	110	154
Grain sorghum	1	84	132	161	136	1	75	117	139	110
Lemons and limes	1	7	9	12	15	1	7	9	12	15
Bananas	5	61	65	75	101	—	—	—	—	—
Almonds	—	3	4	6	6	—	3	4	5	6
Pineapples, fresh	(1)	2	4	3	3	—	1	.4	.2	.2
Raisins	1	6	7	7	7	.2	5	5	6	6
Pulses	11	29	25	30	21	.2	4	2	3	2
Sugar	125	156	124	120	145	—	—	—	—	—
Wheat bran	8	26	26	15	15	2	3	6	1	3
Alfalfa meal	—	13	18	20	19	—	13	18	19	19
Oilseed cake	1	13	13	7	13	.3	7	4	1	5
Lard	3	11	11	8	9	.3	8	8	7	8
Tobacco	9	45	62	57	51	8	26	46	40	34
Hides and skins	33	59	98	75	70	19	34	55	45	47
Soybeans	94	226	272	272	274	80	180	222	224	228
Oilseeds, other	57	107	135	143	145	6	15	14	14	7
Natural rubber	99	101	110	102	52	.1	.1	.2	.4	.3
Wool	226	341	417	363	361	—	—	—	—	—
Cotton, raw	395	433	414	432	502	159	133	110	134	124
Tallow, beef	25	42	46	35	35	21	37	40	31	30
Total, selected items	1,408	2,481	2,753	2,743	2,748	411.1	917.1	1,020.6	981.6	956.5
Total, all agricultural imports	1,590	2,835	3,189	3,278	3,387	—	—	—	—	—
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Selected items' portion of total	89	88	86	84	81	—	—	—	—	—
U.S. portion of total	—	—	—	—	—	25.8	32.3	32.0	30.0	28.2

[1] Negligible.

Note: Japanese imports from the United States show a greater value than U.S. exports to Japan since the Japanese import statistics are compiled on a c.i.f. basis and the U.S. export statistics are on an f.o.b. basis.

Japanese experts are working in a wide range of agricultural endeavors in this country. As of February 1969, such technicians included experts in sericulture, mulberry cultivation, cooperatives, land management, bamboo management, rice physiology, rice entomology, soybean production, river basin planning, rural water supplies, and agricultural insecticides.

The major items Japan is interested in promoting production of for import by Japan are soybeans, sesame, silk, corn, grain sorghums, and cassava (for animal feed).

Laos. Japan has contributed financial and technical help for irrigation and hydroelectric projects in this country. Near Vientiane, the Government of Japan has staffed a Lao-Japanese agricultural experimental farm—Tha Ngone—and is operating it. Major farm emphasis is on rice, but other crops and livestock are also getting attention. Adjacent to this farm, the Japanese are developing some 1,800 acres of land. Thai farmers will be settled on this land with Japanese experts to guide farm operations.

A sericulture project that the Japanese have underway is directly aimed at producing silk for import by Japan. Early this year, several Japanese sericulture experts were in Laos to establish a sericulture center near Vientiane.

Nepal. Japan's efforts in Nepal are limited. Currently, one Japanese agricultural expert works with the Nepalese at an agricultural experiment station in the Terai region bordering India. He is working on rice and various other crops. A private Japanese firm is working under contract on an FAO sponsored agricultural development project in the Terai.

India. Japan's agricultural assistance has been centered largely on increasing rice yields. Since 1960, eight rice-demonstration centers have been established and turned over to the Government of India. Japanese agricultural experts are currently working at only two locations, but this is to be increased to four locations in the future.

Bars to U.S. Farm Exports to Asia

A number of other developments are apparently serving to brake U.S. farm exports to the Far East and South Asia. Two of the most influential of these seem to be the disruptions to export shipments from the United States and the hardening terms for U.S. P.L. 480 sales.

Dockworkers' strikes and other prolonged interruptions to shipping from U.S. ports have weakened the confidence of foreign importers in the United States as a reliable source of supply for both agricultural products and industrial goods. Disruptions to shipping also have increased landed costs for U.S. products. Losses in immediate sales during periods of disruption have been of great magnitude, but long-term losses may be far greater. Far East importers are looking for other sources that appear more reliable. Also, they are seeking to diversify sources of supply in order to hedge themselves when disruptions to shipping occur.

Japanese importers are particularly vocal in their complaints that the United States has no basis for maintaining that it is a reliable source of supply. They cite numerous instances when businesses and consumers have been hurt by failure to receive goods that have been expected from the United States.

In India one of the arguments for minimizing reliance on the United States for imported grain is the fact that shipments are often interrupted. Our foreign competitors are taking advantage of the situation, exploiting it to strengthen their position in Asian markets.

As P.L. 480 terms harden and greater dollar commitments are required, the countries of Asia are becoming less interested in purchases under the program. This seems to be especially true in India where much of the informed public is concerned over an increase in India's long-term commitments of hard currencies.

Economic Highlights, Country by Country

East Asia. East Asian countries—Japan, Korea, Taiwan, and Hong Kong—show evidence of general prosperity and increased economic well-being for the bulk of the people. In all countries this is largely accounted for by industrial rather than agricultural growth.

Indonesia. The level of living of the bulk of the population appeared to be the lowest of that of any country visited. Evidences of unemployment and underemployment appear everywhere. Consumer goods are in extremely short supply. Nevertheless, conditions seem to be somewhat improved over those of November 1966—the time of a previous visit to Indonesia by the author. The country's rice production reached a record level in 1968—because of both favorable weather and government programs.

Foreign owners—American, British, French-Belgian—have now taken back part of the rubber properties in Sumatra held before nationalization and are slowly rehabilitating them. The wrapper tobacco estates formerly Dutch owned are being operated by the Government of Indonesia. Production is less than one-fourth that of pre-World War II years, and little change in this level is expected.

Thailand. Agriculture has been diversified considerably in recent years, and substantial light industry has been established. It appears that Thailand will gradually reduce its dependence on rice to meet its needs for foreign exchange.

Laos. Despite the security problems, some improvements in farm production has occurred. Technical assistance—primarily from USAID but also from Japan and international sources—is largely responsible. Requirements for imported rice have declined. As irrigation projects now underway or planned are completed Laos should have a modest exportable surplus. It already produces an exportable surplus of corn, which could be increased readily. However, until a greater measure of security is obtained, progress will continue to be limited.

Nepal. A surprising amount of agricultural progress was observed in Nepal. The Terai region adjoining India is being steadily opened up for agriculture. In Kathmandu Valley and the hill region to the south, a great deal of winter wheat is now being grown as a second crop on land that produces rice during the summer. It seems that USAID deserves much of the credit for this development that contributes substantially to the food of the country.

India. In the areas around Patiala, Ludhiana, and Amritsar in the Punjab the success of the high-yielding short-stemmed Mexican-type wheats was evident everywhere. Virtually all wheat in the Punjab is irrigated and the great bulk of it is of improved varieties. The water supply has been greatly enhanced over the past decade by the installation of some 40,000 tube wells in the Punjab alone. Improved varieties, more fertilizer, and more water enabled India to harvest a record wheat crop in 1968. Despite less than normal rainfall in the 1968-69 growing season, another record harvest is anticipated for 1969.

Poland Harvests Record 1968 Grain Crops

By HORACE E. SEARS
Grain and Feed Division, FAS

In 1968 Poland harvested 18.2 million metric tons of grain (wheat, rye, barley, oats, and mixed), 1.7 million above the 1967 record crop and 200,000 tons higher than the January estimate (see *Foreign Agriculture*, Jan. 6, 1969). Credit for the new record production can be attributed to several factors. Weather during planting, growing, and harvesting seasons was better than average and probably the single most important reason. However, actions by the government to increase supplies of certified seed, fertilizer, and agricultural machinery also were significant.

From 1960 through 1964, grain crops in Poland averaged 14.0 million to 14.5 million tons, with an increase of 2.0 million tons during the next 3 years. During the last 5 years little change has been made in total area sown, but emphasis has been placed on the expansion of acreage sown to wheat.

POLAND'S ACREAGE PLANTED TO GRAIN CROPS

Commodity	1964	1965	1966	1967	1968
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*1,000 acres*
Rye	10,900	11,104	10,813	10,622	10,625
Wheat	4,051	4,103	4,198	4,344	4,661
Oats	3,889	3,333	3,504	3,454	3,450
Barley	1,840	1,730	1,700	1,613	1,567
Total	20,680	20,270	20,215	20,033	20,303
Other	825	865	900	905	890
Grand total	21,505	21,135	21,115	20,938	21,193

Area sown to all crops in 1968 increased by only 0.2 percent, but the area for the four important grains (wheat, rye, oats, and barley) increased 1.3 percent from 1967.

POLAND'S PRODUCTION OF GRAIN CROPS

Commodity	1964	1965	1966	1967	1968
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Rye	6,960	8,289	7,777	7,694	8,500
Wheat	3,072	3,422	3,646	3,934	4,700
Oats	2,235	2,512	2,665	2,818	2,900
Barley	1,268	1,459	1,418	1,412	1,500
Total	13,535	15,682	15,506	15,858	17,600
Other	545	569	596	601	580
Grand total	14,080	16,251	16,102	16,459	18,180

The area sown to wheat increased 7.3 percent over 1967 and 15.1 percent over 1964 as a direct result of a much-publicized policy of expanding acreage. Increases in wheat acreage were accomplished at the expense of rye—and other crops to some extent—to reduce costly imports. Continued increases in wheat area can possibly go as high as 4.95 million acres, about 300,000 above the 1968 acreage. Any acreage beyond that goal would not be profitable because of the limited availability of heavier, high-yielding soil suitable for wheat cultivation.

The four principal grains harvested in 1968 reached a record 17.6 million tons—8.5 million rye and 4.7 million wheat. These are increases of 10.5 and 19.5 percent, respectively, over the 1967 crops. Production of oats increased 2.9 percent, and barley 6.2 percent over the previous year. These major grain crops were up 11.0 percent on a combined basis. Of the total grain harvested in Poland, about 86 percent is produced on small private farms.

GRAIN EXPORTS TO POLAND BY COUNTRY OF ORIGIN

Commodity and country	1964-65	1965-66	1966-67	1967-68
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Wheat:				
United States	33.9	—	136.5	23.4
Canada	485.6	351.9	457.8	107.3
Mexico	335.0	393.0	—	—
Argentina	—	102.1	—	—
Belgium-Luxembourg	44.5	35.6	—	—
France	310.8	697.4	373.5	243.8
Netherlands	3.3	49.3	—	—
Denmark	59.4	—	—	—
Sweden	70.9	98.9	—	—
USSR	240.0	135.0	648.0	1,240.0
Total	1,583.4	1,863.2	1,615.8	1,614.5
Wheat flour (grain equiv.):				
United States	21.9	26.1	16.0	17.7
Total	21.9	26.1	16.0	17.7
Oats:				
Germany, West	5.5	—	—	—
Sweden	17.7	—	—	.6
Australia	24.3	13.5	—	—
Total	47.5	13.5	—	.6
Barley:				
United States	48.8	26.7	28.4	27.8
France	199.3	—	38.6	424.1
Germany, West	.2	—	—	—
Denmark	—	—	—	.3
Sweden	2.9	.7	—	—
USSR	48.6	471.0	49.0	50.0
Total	299.8	498.4	116.0	502.2
Corn:				
United States	24.0	—	157.3	186.4
Mexico	586.2	456.5	—	—
France	—	—	.5	—
Italy	.1	—	—	—
USSR	11.1	20.2	—	—
Total	621.5	476.7	157.8	186.4
Sorghum:				
United States	85.1	—	129.9	61.0
Argentina	—	7.8	—	—
Brazil	3.5	—	—	—
Morocco	.1	—	—	—
Total	88.7	7.8	129.9	61.0
Grand total	2,662.8	2,885.7	2,035.5	2,382.4

Improved food and feed situation

As a result of the good 1968 harvest, supplies for domestic consumption have increased. The livestock feed outlook for fiscal year 1968-69 has greatly improved. Hog production is likely to increase further and provide some relief in meeting urban meat requirements while maintaining important meat exports. The United States is Poland's principal market, taking about 30-40 percent of exports, mostly canned hams and shoulders. From 1964 to 1967 cattle and hog numbers each increased by about a million head, and the average milk yield per cow increased by 12.3 percent. These increases

were helped greatly by record crops of potatoes and hay.

The record harvest and the high level of state purchases created a storage problem which led to a frantic search by local officials for temporary storage facilities. This situation came in for critical comment during the Fifth Congress of the Polish United Workers Party in November 1968. Also, grain yields were so high that farmers' attempts to reduce barley production—in part a reaction to unattractive prices—resulted in a 9.3-percent increase in yields. This produced a crop of 1.5 million tons, an increase of 6.2 percent.

Imports still required

Regardless of the continuing good grain harvests over the last 4 years, the country is still not producing enough grains to be self-sufficient. During the last 4 fiscal years, 1964-65 through 1967-68, exports of all grains to Poland exceeded 2 million tons each year. During 1968-69 over 1 million tons are expected to be imported from the USSR alone, and agreements are outstanding with Canada and France for wheat. The only exports by these two countries so far to Poland for fiscal 1968-69 are 92,900 tons through February 1969 from Canada.

Rhodesia Sells Its Corn

Rhodesia, anticipating a record corn crop of over a million metric tons, recently sold about 360,000 metric tons of white corn (one-third of the predicted harvest) to South Africa for delivery from July through next February. This sale, though it will not clear the Rhodesian corn surplus, will alleviate it somewhat and still leave ample reserves.

The record Rhodesian production is timely, since South Africa's current corn crop suffered the effects of a severe 3-month drought during January through March and the harvest is now being delayed by unseasonal rainfall. The latest official production estimate of the South African corn crop is about 5.0 million tons compared with 5.3 million a year ago and 9.6 million 2 years ago.

In recent years Rhodesia has consumed about 450,000 tons of corn annually, while South Africa's domestic requirements are currently about 5 million tons. Rhodesia and South Africa have supplied each other with corn in past drought situations.

—By Roger F. Puterbaugh
Grain and Feed Division, FAS

Australia's 1969-70 Wheat

In Australia the outlook is for another large wheat crop to follow the record 540-million-bushel crop of last season, despite newly established limits on deliveries to the Wheat Board.

Planting preparations for the 1969-70 crop were so far advanced before the conclusion of the quota arrangements that wheat acreage of 26 million acres now seems likely, and weather conditions throughout most of the wheat belt are reported the best for many years. A record 26.6 million acres were harvested in 1968-69, and except for the new restrictions this could well have been exceeded this year.

The States of New South Wales, Victoria, South Australia, and Western Australia all have good soil-moisture conditions. In Queensland conditions are variable, but wheat acreage may be expanded in some of the large area not sown to grain sorghum last season because of low moisture. However, with the generally favorable conditions Australia could have a 500-million-bushel, 1969-70 wheat crop.

Most of the previously intended expansion in wheat acreage is now expected to be diverted to feedgrains, mainly barley and grain sorghum.

The Australian Wheat Board has reported deliveries from the 1969 crop of 513 million bushels. This, with the December 1, 1968, carryover of 52 million bushels, makes a total of about 565 million bushels of marketable supplies for the 1969 marketing year. It appears now that exports may be in the vicinity of 210 million bushels and domestic consumption about 57 million bushels. On this basis the December 1 carryover into the next season would approach 300 million bushels, the highest ever recorded.

—By Ansel S. Wood
Grain and Feed Division, FAS

Smaller French Rice Crop

The latest estimate for the 1968 rice crop in France is 90,940 metric tons (paddy). This is a 21-percent decrease from the previous crop of 115,140 tons. Although part of the decrease was due to harvesting 3,000 fewer acres, another cause was smaller yields—down 8 percent as a result of unfavorable weather.

FRENCH RICE TRADE

Country of origin	1964-65	1965-66	1966-67	1967-68
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Imports:				
United States	4,640	12,080	16,513	24,860
Italy	6,064	29,977	31,539	62,951
Thailand	6,317	16,055	6,826	387
Burma	—	13,872	668	—
Malagasy	15,833	9,381	11,134	11,864
Cambodia	14,044	7,077	2,000	—
Others	21,725	19,823	26,908	24,935
Total	68,623	108,265	95,588	124,997
Exports	11,503	2,386	20,548	63,927
Net imports	57,120	105,879	75,130	61,070

During fiscal year 1967-68 France imported 125,000 tons of rice, of which slightly over 50 percent was shipped from Italy. Shipments from the United States were just under 25,000 tons, or approximately 20 percent of the total. The imports from Italy, most of which were reexported, are not expected to recur during 1968-69. As a result, total imports are expected to be around 80,000 tons during the current year.

Exports during 1967-68 totaled 63,900 tons, compared with 20,500 tons the previous year. It is estimated that only 5,000 to 10,000 tons will be exported in fiscal year 1968-69. Net imports during the last 2 fiscal years averaged about 68,000 tons.

—By Horace E. Sears
Grain and Feed Division, FAS

Brazil's 1969 Cotton Exports

Brazil's cotton exports during 1969 are expected to reach 320,000 metric tons—an alltime record. At least 300,000 tons of South Brazilian cotton likely will be exported from the current crop, with practically all the shipments being made during calendar year 1969. According to preliminary official data, Brazil exported 248,000 tons of cotton in 1968.

The supply and distribution situation of Brazilian cotton is dominated by export movement, since Brazil produces in excess of domestic needs and local consumption is increasing very slowly.

Hong Kong Increases Frozen Poultry Imports

Hong Kong continues to be a major world market for poultry meat as exporting countries strive to take advantage of the favorable conditions that exist in the Colony—a free market, convertible currency, and expanding consumption. Last year, Hong Kong was the second largest market for U.S. poultry meat exports. Imports of poultry meat from all sources were valued at about US$37.5 million in 1968—a rise of 6 percent from 1967. A significant change in last year's market was the dramatic increase in frozen poultry imports—up 46 percent from 1967 to total 43.6 million pounds—and the sharp decrease in live poultry imports—down 16 percent.

Consumption of poultry in Hong Kong was close to 95 million pounds last year. Although some residents contend that freshly killed poultry is still preferred, statistics indicate a surge toward the frozen food counter. Per capita consumption for 1968 averaged 12.9 pounds of live poultry and 10.8 pounds of frozen—a 3-pound increase per person of frozen poultry.

U.S. poultry faces competition

The United States maintained its position as the largest supplier of frozen poultry products to the Colony by exporting, according to Hong Kong statistics, 19 million pounds—an increase of 1.2 million pounds over 1967. However, the U.S. share of the frozen market declined from 60 percent in 1967 to 44 percent in 1968, as substantially larger supplies of frozen poultry were available from other sources. Newcomers to the frozen poultry market in Hong Kong poured their products into the Colony at significant increases over their 1967 levels. Mainland China showed a 5.5-million-pound increase; the EC countries a 3.5-million-pound advance; and Denmark a 1.1-million-pound rise.

Mainland China continues to be the largest source of live poultry meat for Hong Kong, even though transportation problems resulting from the "cultural revolution" caused an overall decline in its poultry exports. Within the last 2 years frozen poultry exports from Mainland China have increased substantially; 1968 imports of the Mainland frozen product totaled 12.6 million pounds—soaring from 7.1 million pounds in 1967 and only 1.4 million pounds in 1966.

At the same time, live poultry imports from Mainland China fell from 54 million pounds in 1966 to 33.6 million pounds in 1968. Trade sources indicate that most of the Mainland China product is whole chicken which is being sold to the large Chinese restaurants as well as to some of the European restaurants.

West European advances

West European frozen poultry also made a significant showing in 1968 as Hong Kong importers took advantage of relatively low prices. Subsidized imports from the European Economic Community, mainly the Netherlands and West Germany, rose from less than 1 million pounds in 1967 to 4.3 million pounds in 1968. Dutch poultry has been sold in the Colony for many years, but the West German product was first imported in sizable quantities in late 1968. Importers are buying primarily chicken feet from West Germany, while whole chicken and wings are the large volume items from the Netherlands.

Another country making rapid advances in the Hong Kong frozen market is Denmark. Danish exports of offals—mainly chicken feet—were 10 times higher than their 1967 level; while the Danish broilers, known to be small and inexpensive, remain popular with the non-Chinese part of the population.

United Kingdom suppliers are also expanding their poultry exports to Hong Kong. Duck feet, the principal U.K. item in the market, are big sellers because they are large and have a lot of meat on the bone. The meat is used by the Chinese in making soup.

Polish frozen poultry exports were available in the Hong Kong market for the first time in 1969. Imports from Poland (mainly duck feet) totaled 426,000 pounds in January and February.

Local industry expands

Despite the lack of protection from large imports, the Colony's local industry is continuing to expand. With the assistance of the Hong Kong Government and commercial feed firms—including American—poultry farmers are gaining additional know-how on feeds and feeding practices, housing, breeding, disease control, etc. However, local poultry producers are still hampered by lack of land and the necessity of importing all poultry feeds. In 1968 the Colony's local supplies accounted for only 18 percent of poultry meat consumption.

The overabundant supply of poultry flooding the Hong Kong market has caused a general decline in the per unit values of imports. Prices on wings from Europe are currently 24 cents per pound, which is 2 cents per pound below the lowest price quoted on U.S. wings. Danish subsidized broilers are now priced at 26 cents per pound, c.i.f. Hong Kong.

Hong Kong's imports in 1969 may decline slightly from the 1968 level, as trade sources indicate stocks were fairly heavy at the end of last year. Frozen poultry will probably continue to gain a larger percentage of the market, and it is estimated that 45 million to 50 million pounds of the frozen product will be imported from all sources. The prolonged U.S. dock strike and continued large supplies of poultry at very competitive prices from West Europe and China will hold imports of U.S. poultry at about the 18-million to 20-million-pound level.

Consumer trends indicate that chicken parts will continue to dominate poultry products supplied by the United States. U.S. broilers have not been price competitive, and whole chicken accounted for less than 5 percent of U.S. products imported. Whole turkeys, turkey parts, rolls, and other poultry specialties seem to have the most growth potential.

Japanese Raise Tobacco Subsidies

The Japan Monopoly Corporation has announced its schedule of producer's prices for the 1969 tobacco crop. Price supports will be increased by an average of 4.6 percent from the 1968 level. Most of the increases are for higher quality leaf as prices for low-quality leaf remain the same. Total payments for purchases of the 1969 tobacco crop are expected to be approximately 111 billion yen (about US$308 million).

Total tobacco production in Japan declined to 425.5 million pounds in 1968, or about 9.2 percent from 1967. The 1969 crop is currently forecast at 400.3 million pounds, which represents a further decline of 9.4 percent from 1968. According to forecasts, decreases in flue-cured leaf will account for the entire decline.

Part II—

United States a Major Seasoning Market

This is the second section of a two-part article on seasonings imported into the United States. The first part, printed last week (Foreign Agriculture, *June 2, 1969*), *was about the quantities, types, and uses of spices brought into the country. The second part, given below, lists types of herbs, seeds, and vegetable flavorings and gives statistics on imports and import sources. Some uses and a little information on origin and history of the various substances are also supplied.*

The fragrant herb

Herbs are the leaves of small, succulent plants that usually grow in Mediterranean or temperate climates and are used either in dried form (whole, ground, or chopped) or fresh to give subtle flavor to foods. Their flavors are not as sharp and potent as those of spices, but they are the friends of all good cooks. Most plants now used as herbs had their original homes along the borders of the Mediterranean Sea.

U.S. supplies of some common herbs, such as parsley and chives, are almost completely homegrown. For many others, some of the supply is grown in the United States and the rest is imported. In general, both volumes and values of herbs imported are small compared to the spice trade.

Basil is a member of the mint family and is used extensively in pizza, spaghetti sauce, and other tomato dishes. It is also used in cooking fresh vegetables and in salads. In addition to being grown in the United States, 132,700 pounds were imported in 1968, chiefly from Hungary and Yugoslavia.

Bay leaves (or laurel leaves) were imported mostly from Turkey in 1968. Total imports were 661,500 pounds. Bay leaves are used whole while cooking roasts, stews, soups, sauces, and fish.

Marjoram is another member of the mint family. It is both grown in the United States and imported. In 1968, a total of 870,900 pounds were brought into the country, and the chief suppliers were, in order of quantity, Mexico, France, and Canada. In addition to home cooking uses, marjoram is put in many processed foods, such as liverwurst, bologna, and head cheese.

Mint comes in many species, but only two, called peppermint and spearmint, are important as flavorings for foods. Mint is imported from a number of countries (Bulgaria, Egypt, Greece, West Germany, Poland, Romania, and Yugoslavia) as well as being grown on the west coast of the United States. Total U.S. imports in 1968 were 171,900 pounds. Mint is used commercially to flavor candies, chewing gum, liqueurs, pharmaceuticals, and jellies and in home use in making desserts and many other foods.

Oregano (also called origanum) was practically unknown in the United States before World War II; it is now the herb with the greatest U.S. import volume—nearly 3.3 million pounds in 1968. Its great popularity is because pizza and other Mediterranean dishes have become part of American cuisine and require oregano for proper flavor. Actually, two distinct types of oregano exist and both are imported. One is the Mediterranean variety that goes into Italian dishes of many types; the other is a Mexican variety with a distinctly different taste that goes into chili powder and Mexican dishes. The two main suppliers of the herb oregano to the United States in 1968 were Greece and Mexico.

Rosemary leaves look like miniaturized pine needles, but the rosemary plant is another member of the mint family. In addition to quantities grown in California, the United States imported 831,800 pounds of the herb in 1968. Portugal was the main supplier, and Spain, France, and Yugoslavia were subsidiary sellers. Rosemary is used chiefly in home food preparation.

Sage, still another member of the mint family, is imported into the country from southern Europe. In 1968 imports totaled nearly 2.7 million pounds and were chiefly from Yugoslavia and Albania. Sage has many home cooking uses, but large quantities are also consumed in commercial meat packing and processing.

Savory is a Mediterranean member of the mint family that is used chiefly in home cooking. It has small imports to the United States.

Tarragon, another little-known herb in the United States, is a member of the aster family and a native of Siberia. It is used in this country chiefly in salad dressings and to flavor vinegar. It had the smallest U.S. import of any herb, seed, or spice for which statistics were recorded in 1968—only 3,300 pounds.

Thyme is both produced commercially in the United States and imported—618,400 pounds were brought into the country in 1968. Chief U.S. suppliers were Spain and France. Also a member of the mint family, the herb is used in home preparation of a number of meat, fish, and vegetable dishes.

The venerable seed

Unlike a number of spices and herbs that have no recorded use before the last 1,000 years of history, many seeds have very ancient pedigrees as seasonings. Mention of these aromatic seed plants crept into accounts of wars, into theological documents, and into poetry from the earliest times when men memorized or wrote down their traditions in the Mediterranean area and western Asia.

Anise is a small, gray-brown seed of a plant of the parsley family that has a taste reminescent of licorice. In the United States it is sold as whole seeds and is used to flavor cookies, cakes, and fruit dishes. Total U.S. imports in 1968 were 368,600 pounds; Spain was the most important supplier with Mexico next in importance. The first known use of anise was as a medicine by the Assyrians.

Caraway seed is from another plant of the parsley family that probably originated in Asia Minor. It was well known in Greek and Roman times and was dispersed by the Romans over much of Europe.

In 1968 the United States imported nearly 7.7 million pounds of caraway seed. The chief supplier was the Netherlands, but a close contender in sales was Poland. Caraway seed is used whole to flavor the crusts of several types of buns, rolls, and breads and is very commonly used in making rye bread. It is also an ingredient of some cheeses, and is used to make a liqueur and in home cooking of pork dishes, soups, and stews.

Celery seeds are brown, pungent particles that are so small

that it takes about 750,000 of them to weigh 1 pound. They grow on wild celery plants, or smallage, and were mentioned by Homer. The United States in 1968 imported about 3.8 million pounds, the great majority of which came from India. Celery seed is most commonly used in the United States in the form of celery salt—or ground and mixed with common table salt.

Coriander seed was used in ancient Egypt and Persia and is mentioned in the Book of Exodus in the Old Testament of the Bible. Coriander is another member of the parsley family, and its seed is white, fragrant, and mild. In 1968 total U.S. imports were 3.5 million pounds; the two chief suppliers were Morocco and Romania, in that order. In the United States its two big-volume uses are by commercial food processors in pickling and in flavoring frankfurters.

Cumin is a very ancient flavoring seed and probably originated in Egypt. About 300 B.C. Meander the Greek indicated knowledge of the seed by describing a miser as a "cumin splitter" because of the smallness of cumin seeds. U.S. imports in 1968 totaled a little over 3.9 million pounds, nearly all of which was supplied by Iran. The seed's chief uses in the United States are as an ingredient in blends of herbs and spices, such as curry powder and chili powder. It is also used by some cooks in preparing meat dishes.

Dill seed is a cool-tasting product of another member of the parsley family that is used in the United States extensively in making dill pickles and by some cooks in preparing coleslaw, potato salad, and sauerkraut. Some dill is grown in the United States; imports, which were 710,900 pounds in 1968, are almost entirely from India.

Fennel seed has a slightly licorice taste and comes from another member of the parsley family. It is used chiefly in whole form in crusts of breads and rolls and in ground form in some types of sausage in the United States. In 1968 total U.S. imports were 973,700 pounds; India was the principal supplier, and Argentina was the second most important U.S. source.

Mustard seed, although produced domestically, has a greater quantity imported into the United States each year than any other spice, herb, seed, or vegetable flavoring. In 1968 total U.S. imports were a whopping 62.2 million pounds unground and 1.6 million pounds ground. The major supplier, as in most years, was Canada (53.7 million pounds unground); a secondary but important source was Denmark (6.7 million pounds unground), and a third notable seller was the United Kingdom (1.0 million pounds unground). The United Kingdom was also the principal source of ground mustard imports—1.3 million pounds in 1968.

Two types of mustard are grown by exporters. One is white or yellow mustard, the most common seed source, and the other provides seeds that are made into brown or "oriental" mustard. Seeds from either type of plant have to go through special treatment before their flavor potential is brought out. Dry powdered or ground mustard is tasteless; but once the powder is mixed with water, vinegar, or some other liquid an enzymic action begins that develops the typical mustard pungency in about a quarter of an hour.

Mustard retail sales in the United States are chiefly prepared mustard and dry ground mustard. Whole seeds are mainly sold wholesale and are bought extensively by picklers, sauce and condiment makers, and other food processors. The list of preparations and condiments of which mustard is an essential ingredient is a very long one.

Poppy seed comes from the common poppy plant and has been known and used as a flavoring for at least 5,000 years. It originated in the Mediterranean area. Poppy seed is so tiny that it takes about 900,000 seeds to weigh 1 pound. The United States imported nearly 8.1 million pounds of poppy seed in 1968. The chief supplier was Romania, but other sources almost as important were Turkey, the Netherlands, and Poland. Whole poppy seed is used in the United States as garnish on the crusts of rolls, breads, cakes, and pastries. Crushed seed is mixed with sweet substances and used as a filling for pastries of various types.

Sesame seed has been used since ancient times in western Asia and north Africa, both as a flavoring seed and as an oil seed. In the United States its two chief uses are whole as a topping on bread, bun, and roll crusts and chopped or ground as an ingredient in halvah and other confections. In 1968 the United States imported a total of 33.9 million pounds of sesame seed; the major suppliers, in order of volume, were: Mexico, Nicaragua, Guatemala, and El Salvador.

The great capsicum clan

When Columbus arrived in the New World, he and his men found that American Indians gathered or cultivated a wide variety of pods or fruits for food seasonings; some were mild and some extremely pungent. Columbus and his crew promptly laid the groundwork for the confusion of future seasoning users by calling these products "pepper." Actually, they were all fruits of plants belonging to the genus *Capsicum*, were exclusive to the New World, and had no botanical relation to tropical pepper. But the word "pepper" stuck.

Seasonings commonly sold retail at present in the United States that are all or in part capsicum peppers are: red pepper, cayenne pepper, crushed red pepper flakes, sweet pepper flakes, chili powder, and paprika.

Cayenne pepper has traditionally been prepared from the smallest and hottest capsicums. (Usually, the bigger the capsicum fruit, the milder its taste.) Small capsicums, often called chili peppers, range in color from red to yellow, and cayenne pepper is usually orange.

Red pepper has usually been made from a number of capsicums somewhat larger and less sharp than those used in cayenne pepper and whose color is true red. However, many U.S. seasoning packagers feel that ground red pepper and cayenne pepper are or should be synonymous and that both mean any mixture of ground, very hot capsicums.

Crushed red pepper flakes, often used in spaghetti, pizza, and other Mediterranean dishes, are made from the same group of capsicums as ground red pepper. Sometimes red pepper flakes are placed in separate dishes on tables of Mexican and Italian restaurants so that customers can add more sharpness to their food.

Sweet pepper flakes are dehydrated bits of large, mild capsicum peppers.

Chili powder is a U.S. concoction whose chief ingredient is small, hot, ground capsicum peppers. Other basic ingredients are ground cumin seed, ground Mexican oregano, powdered garlic, and salt; sometimes other seasonings are added to the mixture.

In 1968 the United States imported a total of nearly 10.8 million pounds of unground capsicum peppers of all types except those used to make paprika. In the same year, imports of ground capsicum peppers (except paprika) were 4.3 million pounds. Japan was the leading supplier of unground capsicums,

closely followed by Mexico; a third, but lesser, source was Turkey. By far the chief seller of ground capsicums was Mexico.

Paprika is the Hungarian name for a group of capsicums Hungarians imported from Turkey and which originally came from the Americas. In general, paprika has come to mean a ground product prepared from the dried pods of any of several different varieties of capsicum that all are relatively mild. Two types of paprika exist—the sweet, nonpungent type with a bright red color sold in retail stores in the United States and a sharper kind sold chiefly to food manufacturers, who use it in making sausage and other meat products, salad dressings, precooked foods, and condiments.

Total U.S. imports of paprika-type capsicums, ground and unground, in 1968 were a little more than 12.8 million pounds. The biggest volume supplier was Spain (7.5 million pounds), and all the paprika capsicums it sold were of the sweet, mild type. Other important paprika sources were Bulgaria and Morocco. Large supplies of paprika capsicums are also grown in California.—F.N.P.

From deficit to surplus—

Swing in New Zealand's Milling Wheat Production

As climax to a 10-year trend of decreasing wheat imports and greater domestic production, New Zealand will have an estimated 2 million bushels of wheat of milling standard for export from the 1969 wheat harvest, according to news statements by the New Zealand Wheat Board. Unofficial reports indicate a record wheat harvest from the 313,000 acres planted.

Two reasons for the record wheat crop in 1969 are: record acreage because of encouragement by the New Zealand Government to attain self-sufficiency in wheat, and exceptionally favorable weather during the crop season. Good weather during harvests was responsible for the high proportion of 1969 wheat of milling quality. The Wheat Research Institute has said that samples tested when the harvest was two-thirds completed showed baking quality equal to the highest on record in recent years.

Australia has been the chief supplier of New Zealand's milling wheat imports in the past. The accompanying table shows the trend of New Zealand's wheat imports.

Milling-wheat requirements have been very consistent in New Zealand for several years (1965 through 1968) at about 11 million bushels annually. Needs will probably be about the same for 1969, and normal wheat stocks are on hand. Except for specialty wheats, no imports are anticipated.

The 1969 wheat crop is the first to provide New Zealand a surplus of milling-quality wheat, though not the first to provide wheat for export. The 1968 crop was large, but excessive moisture at harvesttime lowered quality so that much of the wheat was only of feedgrain standard. Between July 1, 1968, and March 31, 1969, New Zealand exported over 1,140,000 bushels of feed wheat. The chief buyers were Taiwan (763,967 bushels) and Singapore (376,655 bushels).

New Zealand is now faced with finding sales for its wheat surplus in a world market that is already overcrowded with wheat exporters. Samples of 1969 wheat have been sent, according to press reports, to Taiwan and Singapore. Taiwan is an important market for U.S. wheat and absorbed 528,000 metric tons of wheat and flour in 1967-68.

Internal policy

Although government strategy has been to encourage self-sufficiency in wheat, indications are that New Zealand policy is against production of wheat greater than can be consumed domestically.

The Wheat Board has tried in the past to decrease wheat prices to cut down production; but protest from growers convinced the Board that it should take other methods. Wheat prices for the 1968-69 crop year have been fixed at US$1.62 per bushel at the producer's nearest delivery point on the South Island and $1.82 per bushel at delivery points on the North Island. At the same time, however, the Wheat Board can retain up to $0.22 per bushel to cover possible losses on exporting surpluses, which places financial responsibility for marketing surpluses on the producer, not on the Wheat Board.

AUSTRALIA'S WHEAT EXPORTS TO NEW ZEALAND

Year ending June 30	Quantity	Year ending June 30	Quantity
	Metric tons		*Metric tons*
1951	132,000	1961	166,000
1952	263,000	1962	170,000
1953	158,000	1963	166,000
1954	211,000	1964	182,000
1955	217,000	1965	166,000
1956	247,000	1966	149,000
1957	297,000	1967	105,000
1958	263,000	1968	[1] 50,000
1959	224,000	1969	([2])
1960	215,000		

[1] Estimated maximum quantity. [2] Probably limited to small quantities of specialty wheats.

Prices for the 1969-70 crop year have not yet been announced. Producer spokesmen are already campaigning against any price reduction by forwarding the argument that production costs have increased. As long as responsibilities for losses in surplus marketing rest with producers, wheat prices will probably remain the same. The 1969-70 wheat acreage is expected to be about the same as that of the current crop year.

—Based on dispatch from W. GORDON LOVELESS
U.S. Agricultural Attaché, Wellington

New Korean Irrigation Projects

A total of 91,500 acres will undergo irrigation development in the Republic of South Korea in the next few years in two areas near the west coast—Pyongtaek and Kumgang. The projects will be executed by the Union of Land Improvement Associations—an agency coordinated with the Korean Government. Half the financing will be furnished by the World Bank. When completed, the irrigated areas should benefit 50,000 farm families and allow tripling of local agricultural output.

Reinforcements for

Argentina's Campaign Against Foot-and-Mouth Disease

The national battle against livestock death and illness is scheduled to intensify in Argentina. The Servicio de Luchas Sanitarias (SELSA), a government agency that operates under the Director General of Animal Health, will use a loan from the Inter-American Development Bank equivalent to US$10.5 million to bolster a campaign to prevent, control, and eventually eradicate foot-and-mouth disease throughout the country of Argentina.

The total cost of the 4-year initial expanded phase of the campaign will be about $48.5 million—most of which will be supplied by the Argentine Government.

The beginning stages of the project will be carried out in close collaboration with Argentina's ranchers and farmers and with the livestock health agencies of neighboring countries, such as Chile and Paraguay, who also have campaigns to rid their herds of foot-and-mouth disease.

One of the first objectives is to implement the now obligitory vaccination three times a year of all cattle and sheep. In addition to this step, a control and reference laboratory is to be built and three quarantine posts and eight cattle inspection posts are to be set up. The central quarantine facility in Buenos Aires is to be repaired and expanded and to receive new laboratory equipment. Eleven regional laboratories and field units will get new equipment of various types. More technical personnel will be distributed to facilities as soon as they can be obtained.

Argentina's new campaign against foot-and-mouth disease is a continuation of previous programs within the country and is coordinated with the efforts of other South American countries through cooperation with the Pan American Foot-and-Mouth Disease Center in Rio de Janeiro, Brazil.

The damage caused by foot-and-mouth disease in Argentina has been severe. In addition to the death of cattle during outbreaks, the disease can also cause weight loss, reduced milk production, sterility, and general weakness among herds. Furthermore, prevalence of the disease has caused loss of markets in countries free of the illness because they are unwilling to import fresh, chilled, or frozen meat that might carry the infection, which could be spread to the importing country's livestock. Loss of livestock exports is a grave matter to Argentina. Half the country's agricultural economy is based on livestock, and foreign sales of livestock and meat products account for about 45 percent of the nation's foreign exchange earnings.

Canada's Poultrymen Push for Market Organizations

In a flurry of activity, Canadian egg producers, turkey raisers, and broiler chicken farmers have formed, are forming, or are trying to form organizations that will regulate poultry product output and marketings and help poultrymen maintain profits.

The projected organization that would affect the most individual farmers is the National Egg Marketing Agency. Agreement has been achieved on the desirability of setting up such an authority and also on its objectives, which would be: to foster a strong, efficient, and economic Canadian poultry industry; to provide stable and reasonable returns to producers; and to dependably supply quality eggs to consumers without great price fluctuations. It would also implement provincial, regional, or national marketing quotas and limit the allocation of quotas to production facilities established before December 1968. Specific proposals for establishing the Agency are now being discussed with representatives of Canada's 175,000 egg producers.

Government cooperation in the scheme has perhaps been nudged along because during the 1967-68 egg marketing year, ending September 30, Canada's Agricultural Stabilization Board paid Can$500,000 to egg producers because of low egg prices at some times of the year. The past marketing year was the first in which support payments had to be made since 1964-65.

In Manitoba the Provincial Government has authorized setting up two boards—one for turkey producers and one for the chicken broiler industry. Producers themselves voted last year in favor of such boards. As soon as regulations for their operation are determined and agreed up the boards will start to function.

Manitoba turkey farmers are now supporting the idea of establishing a national turkey board on the grounds that Saskatchewan and Alberta already have producer turkey marketing boards and Ontario producers have voted to strengthen the functions of their board.

In the Ontario turkey producers' vote, slightly more than two-thirds of the eligible voters wanted to establish marketing quotas for turkeys produced in Ontario and to increase license fees, which are based on pounds of turkey producers sell. Before becoming effective, however, the changes must be approved by the Ontario Farm Products Marketing Board—an agent of the Ontario Government.

The Canadian Federal Government has been appealed to by another organization, the Canadian Turkey Federation, to increase the tariff on live turkeys from the United States from $0.02 to $0.04 per pound. The Federation is concerned about low turkey prices in Canada and claims Canadian turkey raisers must have protection from less expensive U.S. turkeys in order to continue profitable production. The Canadian Government, however, has not committed itself to acting on the request.

—Based on dispatch from EUGENE T. OLSON
U.S. Agricultural Attaché, Ottawa

India Taps More Groundwater

In a review of the Indian agricultural situation for 1968-69 (July-June), India's Department of Agriculture has indicated that sustained progress has been made in increasing the use of groundwater for irrigation.

A total of 246,000 new pumping sets, 76,000 private tubewells, and 2,000 State tubewells were installed during 1968-69. Better water supplies are an important ingredient in increasing farm production in India.

U.S. Wheat Promotion Gains Ground in Asia

Richard Baum, on left, vice president of Wheat Associates, U.S.A., and S. M. Choi, on right, president of Korean Flour Mills Industrial Association, sign agreement to sponsor Seoul Wheat Center.

Korea's Wheat Center

Some pioneer work in U.S. wheat promotion in Asia is coming to harvest. As a result of last fall's Wheat Exhibit in Seoul, a new Wheat Flour Foods Center, the first in Asia, opened in Korea's capital city in mid-May. The Center is sponsored by the Korean Flour Mills Industrial Association (KOFMIA) and Wheat Associates.

The purpose of the new Center is two-fold—to demonstrate to Koreans the various ways of preparing wheat foods and to provide a special training program for persons interested in starting wheat-food selling or processing businesses.

The Center's demonstrations will not be for housewives only. Special classes will be held for chefs and restaurant managers. Visitors to the Center will see posters that display a wealth of wheat dishes, and appropriate recipes will be readily available. Emphasis will be placed on low cost, nutritional value, and ease of preparation of wheat foods.

To educate school children about wheat foods, school tours of the Center will be arranged. Samples of new and improved wheat products should delight discriminating little tasters.

A separate wheat promotion beginning in May is the introduction to Korea of quality doughnuts, waffles, and hot dogs in a wheat-batter blanket. This program will be supported jointly by Wheat Associates and KOFMIA.

Korea's wheat imports have swelled from 407,000 metric tons in 1966 to an expected 1 million in 1968-69. Korea is becoming an important U.S. cash market.

Enterprising Seoul baker has a sign showing he sells new blanketed hot dog.

"Golden Girls" Lure Indians to Wheat Booth

Preparation and use of wheat foods for better nutrition were demonstrated by Indian girls in golden saris and chappals and Wheat Associates nutritionist Dr. Joellene Vannoy during April at the National Agricultural Exposition at Bombay. While some girls showed how to cook wheat foods, others gave visitors recipe folders and answered a multitude of questions.

The food demonstrators and their public relations assistants gave four programs daily on weekdays of wheat-food preparation and six programs daily on weekends.

During the Bombay fair a USIA film was made of a food-preparation demonstration at the wheat booth. This film will be released for national distribution to the Indian News Reel.

"Golden Girls" have attentive audience during the Bombay fair.

Left, at Verona this year, Italians lined up for Santa Gertrudis brochures; above, farmers' sons liked stickers issued at Holstein booth, labeling them "Registered Holstein USA."

Italy Reopens Its Gates to U.S. Cattle

After an 18-month interruption, the Government of Italy is again issuing animal health certificates to U.S. cattle exporters. As a result, the United States has been able to resume shipments of dairy and breeding stock to Italy, which had been its second biggest customer for dairy cattle. The first new shipment—a planeload of 40 Holstein bulls and 14 bred heifers—has already arrived in Italy. Other Italian buyers are now viewing cattle in the United States.

Cause of the break in cattle shipments was the Italian Government's unwillingness to acept U.S. veterinary certificates. Since late summer, 1967, when the certificates were first refused, discussions have been going on between the two governments with the aim of reconciling differences between Italian health requirements and U.S. terminology.

Particularly pleased by the resumption of the U.S.-Italian cattle trade were Holstein breeders in both countries. Improved shipping methods devised for feeder cattle during Europe's 1964 meat shortage reduced transportation costs so greatly that Italian dairymen found they could obtain U.S. Holstein breeding stock for competitive prices. By the end of 1965 they had bought 3,800 head, moving Italy up to second place among U.S. dairy cattle markets that year. In 1966 it retained that place, with its importers buying fewer but better animals for a larger dollar total.

During the break in sales, U.S.-origin cattle already residing in Italy have continued to produce favorable impressions. Their influence, plus the continuing efforts of FAS and U.S. breed associations and cattlemen at Italy's Verona and Cremona farm shows, has kept alive the interest of Italian breeders and the mutually beneficial relationship they had enjoyed with their U.S. counterparts.

These Brahman bulls are deplaning at San Pedro Sula, Honduras, after their 4½-hour flight from Houston. They are part of 355-head livestock shipment to Honduras from the United States.

Honduras Airlifts Purebred U.S. Livestock

This spring, for the second time, Honduras imported a large number of U.S. purebred livestock—355 head, valued at $300,000. (In 1967, it bought 337.)

For 30 days in February and March, a four-man team headed by Mario Nufio, Chief of the Honduran National Development Bank's Livestock Department, visited some 125 U.S. ranches—mostly in Florida, Louisiana, Texas, Wisconsin, and Ohio. The selections were flown from Houston to Honduras in April.

The purchase, which was financed by Honduran capital, included 133 beef breed bulls (110 Brahman, seven Santa Gertrudis, 13 Charolais, one each Hereford, Angus, and Shorthorn); 55 dairy breed bulls (51 Brown Swiss, three Holstein, one Guernsey); 59 dairy cows (40 Brown Swiss, 19 Holstein); 15 Quarter Horses; 24 swine (12 Duroc, four each Hampshire, Landrace, and Yorkshire). Also shipped were 69 goats donated by Heifer Project, Inc.

The National Livestock Development Center in Comayagua, operated by the Bank, will receive 12 beef breed bulls (10 Brahman, one each Santa Gertrudis and Charolais), two dairy breed bulls (one each Brown Swiss and Holstein), and two Quarter Horses—all for use in its development program.

The Directorate General of Livestock and Agriculture, in the Ministry of Natural Resources, will receive two Holstein bulls for its artificial insemination program, as well as 16 swine; and the Ministry will distribute the goats. The remaining animals will be sold to individual Honduran cattlemen.

—By HARRY C. BRYAN
U.S. Agricultural Attaché, Guatemala

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	May 27	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba ...	1.93	−1	2.01
USSR SKS-14	1.85	+1	1.88
Australia Prime Hard	1.86	0	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.86	−6	1.92
15 percent	1.91	−5	1.95
U.S. No. 2 Hard Winter			
14 percent	1.93	0	1.82
Argentine	(1)	(1)	1.88
U.S. No. 2 Soft Red Winter ..	1.69	−2	1.58
Feedgrains:			
U.S. No. 3 Yellow corn	1.46	−4	1.34
Argentine Plate corn	1.59	+2	1.49
U.S. No. 2 sorghum	1.25	−1	1.31
Argentine-Granifero	1.23	−1	1.33

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

West German Cigarette Sales Up

The West German cigarette industry reports record sales of 104.6 billion cigarettes in 1968, an increase of 4.6 percent over 1967. This increase, which boosted per capita consumption of cigarettes from 2,150 in 1967 to 2,230 in 1968, occurred despite mounting antismoking campaigns supported by the German Health Ministry.

Smokers in West Germany can now choose among 200 different cigarette brands, of which 25 were introduced in 1968. The industry is confident that the new brands will contribute to a further growth of 4 to 5 percent in cigarette sales in 1969.

World Imports of Soybeans Up

World imports of soybeans and soybean meal, on a meal equivalent basis, are estimated to have increased by over 220,000 tons in calendar year 1968 to a record exceeding 10.3 million tons. In recent years, imports of soybean meal have accounted for less than 30 percent of the total of beans and meal imports; however, they have shown significant growth as a rising percentage of the total growth.

Japan and other Asian countries substantially increased their imports of soybeans in 1968. Although the major markets in Western Europe imported a larger volume, they accounted for slightly reduced percentages of the total world imports. Indian peanut meal replaced some of Eastern Europe's imports of soybean meal, and domestic rapeseed crushings reduced Canada's requirements.

Imports of soybeans and meal in 1968 are estimated at about 50.4 percent of the net world imports of major vegetable and marine cakes and meals, compared with 51.3 percent in 1967 and 49.0 percent in 1966.

The rate of growth of soybean meal imports in 1968 dropped behind the average rate of recent years primarily because soybean meal was less competitive with the other major meals in price.

Reduction of the U.S. price supports for the new crop of soybeans and predicted reductions in fishmeal and peanut meal availabilities are expected to improve the competitive position of soybean meal relative to other meals in world markets this year.

WORLD IMPORTS OF SOYBEANS AND MEAL[1]

Item and country of destination	Average 1960-64		1967		1968[2]	
	Quantity	Percent of total imports	Quantity	Percent of total imports	Quantity	Percent of total imports
	1,000 short tons	*Percent*	*1,000 short tons*	*Percent*	*1,000 short tons*	*Percent*
North America:						
Meal	51	0.9	80	0.8	118	1.1
Beans	297	5.3	334	3.3	225	2.2
Total	348	6.2	414	4.1	343	3.3
South America:						
Meal	10	.2	0	0	0	0
Beans	12	.2	24	.2	40	.4
Total	22	.4	24	.2	40	.4
West Europe:						
EEC:						
Meal	382	6.8	1,734	17.2	1,816	17.7
Beans	1,755	31.2	2,652	26.3	2,642	25.6
Total	2,137	38.0	4,386	43.5	4,458	43.3
Other:						
Meal	654	11.6	711	7.1	734	7.1
Beans	684	12.2	1,547	15.4	1,535	14.9
Total	1,338	23.8	2,258	22.5	2,269	22.0
East Europe & USSR:						
Meal	65	1.2	335	3.3	293	2.8
Beans	126	2.2	92	.9	58	.6
Total	191	3.4	427	4.2	351	3.4
Africa:						
Meal	0	0	0	0	0	0
Beans	9	.2	0	0	0	0
Total	9	.2	0	0	0	0
Asia & Oceania:						
Japan:						
Meal	19	.3	2	0	17	.2
Beans	1,187	21.2	1,913	19.0	2,135	20.7
Total	1,206	21.5	1,915	19.0	2,152	20.9
Other:						
Meal	12	.2	38	.4	43	.4
Beans	354	6.3	618	6.1	646	6.3
Total	366	6.5	656	6.5	689	6.7
World:						
Meal	1,193	21.2	2,900	28.8	3,021	29.3
Beans	4,424	78.8	7,180	71.2	7,281	70.7
Total	5,617	100.0	10,080	100.0	10,302	100.0

[1] Includes meal equivalent of oilseed imports but excludes exports of meal from crushings of imported beans.

[2] Partly estimated.

AVERAGE CAKE AND MEAL PRICES[1]

Item, source, protein content (percent)	1965	1966	1967	1968
	U.S. dol.	*U.S. dol.*	*U.S. dol.*	*U.S. dol.*
Soybean meal:				
Canada, 45	104.8	112.3	107.7	109.2
Peanut meal:				
Nigeria, 56	108.3	101.0	101.0	96.0
Sunflower meal:				
Argentina, 37-38	76.3	75.3	74.8	71.4
Linseed meal:				
Argentina, 39	93.3	110.0	97.8	98.3
Fishmeal:				
Peru, 65	165.2	159.1	139.9	121.5

[1] Per short ton, c.i.f. European ports.

PRICE COMPARISONS FOR MAJOR OILSEEDS
(Soybean meal equals 100 percent)

Item	1965	1966	1967	1968
	Percent	*Percent*	*Percent*	*Percent*
Peanut meal	96.8	111.2	106.6	113.8
Sunflower meal	137.4	149.2	144.0	152.9
Linseed meal	112.3	102.1	110.1	111.1
Fishmeal	63.4	70.9	77.0	89.9

Bumper Mexican Honey Crop

Production figures for the 1968 Mexican honey crop have been revised upward to about 80.4 million pounds, the largest on record with the exception of the 1962 crop of 81.6 million. The 1968 crop was 28 percent above the 1967 crop of 62.7 million pounds. Exports during 1968 amounted to 67.0 million pounds, compared with 52.2 million in 1967. Apparent domestic honey consumption increased to 13.4 million pounds in 1968, 2.9 million above the year before. Prospects are for a 1969 crop of about the same yield as the 1968 crop.

MEXICO'S PRODUCTION, EXPORTS, AND CONSUMPTION OF HONEY

Year	Production	Exports	Available for consumption
	Million pounds	*Million pounds*	*Million pounds*
Average 1960-64	59.5	42.6	16.9
1966	75.0	61.2	13.8
1967	62.7	52.2	10.5
1968 estimate	80.4	67.0	13.4

Ivory Coast, Cameroon's Cocoa

Reflecting a slight increase in volume and higher cocoa bean prices, Ivory Coast export earnings from cocoa beans in 1968 totaled $78.6 million, well above 1967 earnings of $56.2 million. The volume of cocoa bean exports in 1968 rose to 121,465 metric tons, compared with 105,166 tons in the year before.

Cameroon's export earnings from cocoa beans and products also increased sharply, rising to $60.3 million in 1968, a gain of 33 percent over 1967 earnings of $45.2 million.

U.S. Cotton Exports Higher In April

U.S. raw cotton exports totaled 568,000 running bales (480 lb. net) in April, the highest monthly exports since December 1966. This compares with 130,000 bales in March and 406,000 bales in April 1968. The sharp increase is primarily a result of accelerated movement of port stocks accumulated during the prolonged dockworkers strike that lasted in Texas ports until early April. More than three-fourths of U.S. cotton exports moved through Texas ports in 1967-68.

Exports of U.S. cotton in the first 9 months (August-April) of the current season totaled 1,897,000 bales, compared with 3,188,000 bales shipped in the same period a year earlier. Exports during all of 1968-69 are expected to total around 2.5 million bales, a drop of 1.7 million from last year.

U.S. COTTON EXPORTS BY DESTINATION
(Running bales)

Destination	Year beginning August 1				
	Average			Aug.-Apr.	
	1960-64	1966	1967	1967	1968
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	23	4	1	1	0
Belgium-Luxembourg	121	52	45	35	20
Denmark	14	8	10	7	1
Finland	17	15	11	9	3
France	319	163	148	122	68
Germany, West	269	159	100	88	19
Italy	345	263	253	209	48
Netherlands	110	31	36	28	14
Norway	13	10	7	5	4
Poland	125	78	77	59	106
Portugal	21	1	9	5	6
Spain	74	1	7	5	4
Sweden	81	71	75	65	39
Switzerland	74	79	60	52	24
United Kingdom	244	153	125	101	35
Yugoslavia	112	139	67	59	15
Other Europe	17	11	24	18	8
Total Europe	1,979	1,238	1,055	868	414
Australia	61	17	17	17	0
Bolivia	7	9	0	0	0
Canada	353	297	142	123	80
Chile	18	3	1	1	(1)
Colombia	3	1	0	0	0
Congo (Kinshasa)	6	34	13	(1)	0
Ethiopia	9	9	22	19	8
Ghana	1	15	12	5	12
Hong Kong	148	183	299	216	160
India	314	289	342	305	7
Indonesia	40	161	70	12	62
Israel	15	2	4	3	1
Jamaica	4	5	1	1	1
Japan	1,192	1,293	1,103	828	404
Korea, Republic of	261	372	351	262	348
Morocco	12	14	35	22	9
Pakistan	14	3	18	18	0
Philippines	123	134	154	94	78
South Africa	41	38	23	20	7
Taiwan	209	373	378	260	179
Thailand	34	70	90	64	51
Tunisia	2	15	14	14	0
Uruguay	6	0	0	0	0
Venezuela	8	1	(1)	(1)	(1)
Vietnam, South	46	66	24	10	41
Other countries	18	27	38	26	35
Total	4,924	4,669	4,206	3,188	1,897

[1] Less than 500 bales.

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New World Cotton Futures Market Opens in London

By GEORGE H. WHITE
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A new raw cotton futures market opened for trading in London on May 19. Located on the floor of the London Commodity Exchange, Plantation House, Mincing Lane, it is managed by the Liverpool Cotton Futures Market, Ltd., a subsidiary of the Liverpool Cotton Association, Ltd. (LCA). The LCA expects that the new futures market will be an effective hedging mechanism against trading risks and that it will give price protection to growers, shippers, merchants, and spinners of cotton of any growth or origin.

In reporting on the development of the new market, the Liverpool Cotton Association stated that until 1966 there was no real need to insure against price fluctuations. The United States held large stocks of cotton acquired under the government loan program. The LCA pointed out that this produced stability in world cotton prices, as other producer countries were able to adjust their prices accordingly to compete for a share of the world market and dispose of their cotton crops without much difficulty. However, circumstances changed in 1966. With the development of wide fluctuations in cotton prices, traders could be involved in severe financial risks.

The new market can act as a hedge against such trading risks. To illustrate—when a large shipment of cotton arrives at a port and is not sold, the local market prices may become depressed; when shortfalls in arrivals occur local prices may harden. In the former case, the selling of an appropriate number of contracts by a futures market, which reflects realistic international values, will provide a "hedge" against losses from the falling market. In the latter case, buying the appropriate number of contracts will provide a "cover" against the rising market.

There are various recognized ways of using a futures market; one can:

- Buy futures for near or future months, according to choice, to avoid being caught "short" of actual cotton.
- Sell futures to avoid being caught "long" or in possession of more cotton than is required at the time.

It is also possible to "straddle" between the futures market in the United Kingdom and a foreign futures market. For example, if a trader wishes to transfer cotton from the United States to the United Kingdom and sees that the price difference between the countries is advantageous, he can buy cotton for the month of his choice in the New York futures market and sell the suitable month in the London market.

The new market will not be a paper market but instead will carry stocks. Contracts will be for raw cotton of any growth or origin which meets quality specifications and is stored in approved warehouses. The quality will be certified by the Certification Committee of the LCA in accordance with the following minimum specifications for saw ginned or roller ginned cotton, except that slight color variation is permitted provided the grade is of full contract value.

Grade: Strict Middling (Universal Standard)
Staple: 1-1/16 inch
Pressley: 78,000 pounds per square inch
Micronaire: 3.5 to 4.9 (no control limit)

Each tender will be for cotton of one country of origin, stored in one approved warehouse in Belgium or the Netherlands. The delivery months will most likely be March, May, July, October and December. Sellers will be entitled to tender in lots of 24,000 pounds net weight—about 50 bales. No premiums will be paid to the seller for descriptions superior to the contract quality.

Contracts will be cleared daily by the London Produce Clearing House, Ltd., which will issue a guarantee certificate valid for 12 calendar months from the day of issue for each contract.

The new market will be the only market in London trading in U.S. dollars and cents. Minimum fluctuations of one-hundredth of a cent per pound will be allowed. A standard minimum rate will be charged for the buying or selling of each lot of 24,000 pounds net weight. For members and associate members of the Liverpool Cotton Association the charge will be approximately US$7.20. The charge for non-members will be about $14.40. In addition there is a contract fee of about 30 cents and a registration fee of $1.20. Special rates will be available for straddles within the U.K. contract or between the new contract and others outside the United Kingdom.

Only members of the new futures market will be allowed to trade on the floor. Clients will therefore have to arrange terms with the member who is attending to their business.

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